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NOTES FROM THE EDITORS

At about the same time that you receive this issue you should also be getting the annual appeal letter of Monthly Review Associates, signed by J. Raymond Walsh as Chairman of the Associates. Those who buy the magazine at newsstands or bookstores can receive a copy of the letter by sending us their names and addresses. As most of you know, the purpose of the Associates is to cover the magazine's deficit. But those who join also get important benefits: the right to buy for personal use copies of all MR Press books at 50 percent off list price, a year's subscription to the magazine (new or renewal), and a free book. This year you can choose one from the following titles: *Workers' Self-Management in Algeria* by Ian Clegg; *China Shakes the World* by Jack Belden; *Strategy for Revolution: Essays on Latin America* by Régis Debray; *Socialism in Cuba* by Leo Huberman and Paul M. Sweezy; *Writings on the Paris Commune* by Karl Marx and Friederich Engels. Membership fees in the Associates begin at $25, with many readers contributing more. This is MR's twenty-fifth year of publication, spanning the Korean War, the Cold War, the witch hunt of the 1950s, the Cuban Revolution, Vietnam War, the rise and

(*Continued on inside back cover*)

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THE CRISIS OF INFLATION

By Jacob Morris

We have been planning for some time to devote a Review of the Month to an analysis of inflation, a subject which is at once omnipresent, increasingly painful, and little understood. While we were in the process of discussing the most useful angle of approach and lines of argument, we received from our friend Jacob Morris an article on precisely this subject. It says what we think, and does it so well that we decided to present it in this space, adding our own commendation and endorsement.

Naturally, as Jacob Morris would be the first to agree, no brief analysis of inflation could deal with all aspects of the problem, and our choice of what to emphasize and what to omit would not have been exactly the same as his. In particular, we would have been inclined to pay more attention than he does to the historical context of the present inflationary process in the capitalist world. This context includes the dominance in the advanced countries of giant aggregates of monopolistic capital; their struggle for world-wide preference in markets, raw material sources, and investment opportunities; the emergence of alternative social systems which threaten the very existence of capitalist class rule; and above all the rising tide in the Third World of struggle for national independence and social revolution. These factors have introduced new inflation-biased forces into the functioning of capitalist economies which were not present in the past, even though, as Jacob Morris rightly insists, that past was characterized by countless inflationary episodes. But even more important, the gigantic national and international struggles of our time have generated an unprecedented growth of militarism, which now consumes an enormous (and appalling) proportion of humanity's productive resources. Under these circumstances, governments of capitalist countries, developed and underdeveloped alike, are driven to pursue what Jacob Morris calls the Keynesian inflationary strategy whether or not they ever heard of the English economist in whose honor the strategy is named. Rampant militarism and inflation are as inseparable as Siamese twins: they will either live and grow together or die together.

But these are matters of focus and emphasis, not disagreement. And

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what Jacob Morris has chosen to highlight in the following text is so important, and so sadly neglected in most current discussions of inflation, that it deserves the closest attention of everyone who wants to understand the incredibly complicated situation in which we now live.

Jacob Morris is the author of "The Balance of Payments Crisis" and "The Monetary Crisis of World Capitalism" (MR, December 1966 and January 1972, respectively). — The Editors

In an article appearing in the *New York Times* Op-Ed page of March 20, 1973, Nobel Prize-winning economist Kenneth Arrow referred to the coexistence of inflation and unemployment as an uncomfortable fact and an intellectual riddle. Our purpose here is to try to solve the riddle, using a Marxist historical and analytical approach.

Ever since the joint appearance on this planet of alienable private property, merchandise (commodity) production, money and commodity trade, there have occurred socially disturbing price changes of one kind or another in many places and at many times. A large number of these have been episodes of rapidly rising prices. If we agree to designate the socially significant episodes of the latter sort as "inflation," we will have to admit that inflationary episodes have been occurring for thousands of years. They have occurred not only during the capitalist era but also in the commodity-producing sectors of the multitude of different socio-economic formations of the pre-capitalist era. It is because capitalism is the commodity-producing system par excellence, the most fully developed of the big historical variety of commodity-producing forms, that it has experienced so many inflationary episodes. There is also historical evidence that inflationary processes generated at least some of the supply of social power which transformed some pre-capitalist commodity-producing forms into the capitalist commodity-producing form.

Wars, revolutions, famines, and pestilence have almost invariably produced inflationary phenomena. When the needs of a money-hungry government could not be satisfied by politically feasible taxation, the usual case during times of trouble when production is sharply reduced or its output ravenously consumed

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by the mad dogs of war, these needs were met by debasing precious-metal coinage or by resort to the printing press to produce paper money. The latter device, however, is feasible on a large scale only in a highly developed commodity-production system, that is, capitalism. The unplanned "demand-pull" type of inflation which takes place during such times of trouble is simple to understand in terms of "too much money chasing too few goods" and needs no elucidation.

In the modern capitalist era the needs of governments for more money than taxes could yield have generally been satisfied by more sophisticated methods than just printing up a lot of paper money. The favorite method is for the government to swap IOUs with the banks. The government gives the banks *interest-paying* government IOUs (treasury bonds, notes, and certificates) and the banks graciously give the government in return their *non-interest-paying* bank IOUs. The latter are nothing other than the familiar bank-deposit credits which are transferable by written order of the owner of the credits, i.e., check money.

Both kinds of IOUs, government and bank, are promises to pay off the specified debt in official national currency, i.e., in printing-press money. Once upon a time, before August 1971, foreign government holders of U.S. government and bank IOUs could demand payment of those IOUs in gold at $35 to the ounce. But that's now ancient history. The IOUs of today are promises to redeem one kind of paper (or book-credit acknowledgements of debt via a bank statement) with another kind of paper. The second kind is prettier, comes in oblong sections, and has the picture of a president (or some other historical favorite) on it. This takes it out of the IOU class and makes it legal tender for the payment of taxes and debts. Taxes are the form of appearance of the fraction of the national labor commandeered for its own use by the government. From the *qualitative* point of view, the paper in which taxes are paid obtains its value from this commandeered labor. However, many complex factors enter into the *quantitative* determination of the value (or purchasing power) of the paper money unit. One of the most important is the rate of emission of new paper to compensate for deficiencies in tax receipts. The speed with which the rates of

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emission can be increased explains, at least in part, the rapidity with which the value of the paper can depreciate.

Conservative people, who would be shocked if the government just printed up a lot of pretty colored paper money to cover its deficits, find this mysterious swapping of IOUs between government and banks to be very comforting. The fact that the banks have the quixotic privilege of refusing to swap IOUs with the government, thus denying themselves enormous interest income, strikes the conservative folk as a valuable restraint by conservative banks on governments which are spendthrift by nature.

In Part II of *Faust,* Goethe attributes the invention of paper money to Mephistopheles. Nowadays we can see that the Prince of Lies was a rank amateur compared to his numerous progeny down at the U.S. Treasury, the Federal Reserve Board and Banks, and the executive suites of the commercial banking system.

Whether government deficits are financed by debasing precious metal coins, printing paper money, or expanding bank-deposit money, it all comes out pretty much to the same thing in the end. The deficits are transformed via price increases (decreases in the value of money) into informal sales and property taxes with an extremely uneven impact on different economic and social groups. For certain types of business firms, however, the results are very profitable; instead of a tax, inflation produces for them the equivalent of a big tax refund. For the most part, the economic burden falls on the masses of poor people, as is the case in our country today where inflation has contributed to the worsening of every aspect of the crisis of our great cities.

As some modern economists have put it, inflation produces "perverse income transfers." In the United States today, wholesale robbery via inflation is being perpetrated on the old, the disabled, the unemployed, on fatherless families on welfare, on low-income employed workers in weak bargaining positions, e.g., workers earning the minimum wage (usually black), workers in declining occupations or industries, unorganized workers, or workers belonging to weak unions.

The impact of inflation on middle- and high-income people varies greatly. It works out as a heavy confiscatory property tax

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on all savers and investors who are, economically speaking, slow-footed and slow-thinking. It victimizes all creatures of habit and all practitioners of ancient capitalist virtues, like those who have faith in life insurance and in savings accounts and who would be horrified at the notion of confiscatory taxes on accumulated wealth. Prominent among the beneficiaries of inflation are individuals and business firms of the alert, heavy-borrowing, fast-moving, speculative type, and, more generally, all the sly, swift killers of the business and financial jungles.

Inflation is not invariably beneficial to business firms, as many people erroneously believe. In the United States, in recent years, inflation has created both the opportunities and the means for intercapitalist financial aggression of a new type. Piratical conglomerate holding companies, with inflated stock market valuations and with access to large amounts of bank credit based on those valuations, have executed sudden takeovers of well-established firms with apparently well-entrenched managements.* They have unceremoniously separated the surprised occupants of many an executive suite from both jobs and incomes. They have even administered basic lessons in the miseries of capitalist unemployment to many a pampered young M.B.A. or Ph.D. who thought the capitalist world was his oyster.

Inflation in the United States in recent years has victimized and enraged masses of people in all walks of life, and not only poor people, although they are the main victims. It has helped undermine confidence in all levels of government and in all social institutions. It has helped prepare the ground for radical social change, but not necessarily the kind that would be welcome to people of the Left. As we shall see, the menace of a fascist-type reaction to the crisis of inflation is very strong because of the disunity of the American working class.

Despite many common features, every national or international inflationary episode contains unique elements linked to specific historical situations. It would take many volumes to do justice to the dozens of species and hundreds of varieties of

* The takeover process is very clearly described in "The Merger Movement: A Study in Power," MR, June 1969 (reprinted in Paul M. Sweezy and Harry Magdoff, *The Dynamics of U.S. Capitalism,* Monthly Review Press, 1972).

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inflationary phenomena that have occurred in the capitalist era. We must also observe that there have been some inflationary episodes connected with revolutionary social transformations in which most of the burden of the informal inflation taxes landed on the backs of the upper and middle classes rather than on the backs of the poor. It can work out this way, for instance, if a revolutionary government is powerful enough to operate efficiently a system of rationed distribution of subsistence quantities of essential consumption goods at fixed low prices.

We are going to confine the rest of our analysis of inflation, and its crisis, to inflation as it appears in the specific historical situation of the United States since the end of the Second World War. We will begin with a highly dogmatic statement which will give the reader, in advance of the supporting facts and arguments, our overall conclusions about the nature of the crisis of inflation: *this crisis exists because inflation in the United States is turning into its opposite.* From a tonic drug it is turning into a toxic drug. In its tonic-drug phase the inflation stimulated production and reduced unemployment. When unemployment (the industrial reserve army) was reduced to a level which threatened the capitalist power of exploitation of the working class, the source of all profits, inflation provided for a time, in a manner which we will describe, a substitute for the industrial reserve army as capitalism's way of maintaining its power of exploitation. Eventually, working-class reaction to the inflationary substitute for unemployment helped produce a rapid acceleration in the rate of inflation. This in turn further impaired U.S. capitalism's already damaged inner mechanism for counteracting disturbances of equilibrium. It produced in the end an endemic money and credit crisis, helped to blow up (in conjunction with other forces) the international capitalist money and trade system, and sharply depressed the average rate of business profit.

As the crisis of inflation developed, the American government was forced into a series of desperate expedients in its efforts to keep the working class in an exploitable relationship to the capitalist class. In 1969 and 1970 it sought to achieve this goal by using tight money and credit policies designed to in-

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crease unemployment; in 1971 and 1972 it tried wage and price control (in practice mostly wage control); in 1973 it went back to an intensification of inflation. As this is written (May 1973) the American economy is experiencing inflation-produced temporary boom conditions in production and profits, accompanied by rapidly rising prices but without making much of a dent in the volume of unemployment. A feeling that the entire economy is in a condition of great instability pervades the entire American business world. To mention only one consequence of this fear, common stock prices, with the exception of a handful of glamour growth stocks which have been the accidental beneficiaries of certain inflationary delusions, are now at their lowest price-earnings ratios in twenty years.

The character of the glamour growth stocks—the so-called institutional favorites—provides a hilarious if macabre commentary on the current inflation-generated madness of American high finance. Among the favorites of these stocks in dozens of massive, bank-managed, pension trust funds which are supposed to provide old age security for millions of workers, we find such worthies as Avon Products (door-to-door cosmetic sales), MacDonalds (hamburgers and milk shakes), Walt Disney (Mickey Mouse products), and Polaroid (trick cameras). Until recently, Equity Funding (bogus life insurance) was also an institutional favorite.

Our task now is to trace the development of the crisis of inflation in more convincing detail. The historical starting point must be the crucial fact that the Great Depression of the 1930s convinced the American capitalist class that it must never again risk the danger of mass unemployment among the urban workers of the white race. The American capitalists have never been much concerned about rural mass unemployment, white or black, nor have they ever been much concerned about urban mass unemployment among blacks, Puerto Ricans, Chicanos, Indians, or other non-lily-white ethnic minorities. For the malicious gods of American history have bestowed a priceless gift on the American capitalist class at the same time that they imposed a frightful burden on the American people. This gift and burden is white racism and the intense political, ideological, and spiritual disunity which it has generated in the working

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class. This has made it possible for the American capitalist class and its government to greatly limit the scope of their concern over working-class distress and discontent. In our judgment, working-class disunity, and the conflicting attempts to exploit or overcome it, will have a profound bearing on the outcome of the crisis of inflation.

The American capitalist class also learned from the lessons of the 1930s how very desirable it would be to curb and destroy the militant anti-capitalist and pro-socialist spirit of class struggle that had sprung up in the membership of the big new industrial unions which were born in that fateful decade. It came to understand very well that a price would have to be paid to convert these new unions to a class-collaborationist relationship and to destroy the influence of the militants in the local union leaderships and among the rank-and-file union members.

The unwritten arrangement, which began to be worked out during the Second World War, and which was completed in the second half of the 1940s between the government, the top union bosses, and the top corporation bosses, had many interrelated political and economic elements. The scope of this essay, however, limits us to the consideration of only those elements in the arrangement which bear, more or less directly, on the problem of the postwar inflation and its emerging crisis. In thus tearing the inflation problem from its socio-economic context, we cannot avoid a certain one-sidedness of treatment, and as we go along, we can barely hint at all the torn connections which we will be unable to follow up.

The most important element in the class-collaborationist arrangement was the understanding that government spending and, when necessary, government *deficit* spending would be used to prevent mass unemployment in the main industrial sectors of the economy. Since employment, production, and profits are mutually interdependent variables, such a government spending policy would also put a floor, and hopefully a high one, under the size of the business profit flow. While there was much disagreement over details and allocations, there was a consensus that government spending and credit support associated with the stimulation of production in such industries as aerospace, other military hardware, road construction, home and other

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building construction would be in line with the requirements of the tacit arrangement. And the same kind of broad consensus existed with respect to many other big pieces of government spending connected with foreign policy, such as for Marshall Plan exports and for military and economic aid to friendly governments on all continents. Needless to say, the consensus also extended to the massive government exports and spending required for the Korean and Vietnam wars. The expansion of production and employment produced by this consensus was very favorable to the lily-white labor aristocracy but entirely consistent with conditions of spreading unemployment among workers outside this favored group.

This apparently foolproof arrangement took care of everything except the contradictions of capitalism. Increasing employment and reducing the number of unemployed (in Marxian terms, diminishing the industrial reserve army) is synonymous with increasing production and profits. But such conditions also tend to make the employed workers increasingly unmanageable from the point of view of continued exploitation and hence also of the continued maintenance and enlargement of the flow of surplus value in its various forms (profits, interest, rents, dividends, capital gains, high salaries and bonuses to corporation officials, and so on).

When employment is increasing, and even before a condition of full employment or near full employment is reached, the workers move into a position where they can obtain big wage increases and project a much higher level of future wage rates. This threatens to produce a big reduction in *future* profit rates and, most important, in the current capitalized value of future profits as reflected in the stock market prices of corporation common stock. For it is far from certain that domestic and world market conditions will permit all or most wage increases to be fully passed on in the form of higher prices. Price increases have a very uncertain impact on the market structures of individual industries and firms, even in so-called monopoly and oligopoly industries. Thus, for example, an increase in steel prices may help overcome the inertia of steel users and stimulate them to explore the possibilities of the substitution for steel of plastics, cement, glass fiber, aluminum, and so on. Or alternatively it

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may open the way for a substitution of imported foreign steel for domestic steel.

In addition to the uncertain effects on market position and structure, the transformation of higher wages into higher prices produces troublesome financial problems. Thus, to mention one of many, more credit will have to be extended to customers to enable them to buy at higher prices. More generally, the circulation of commodities, including labor power, at higher prices requires that there take place an expansion of money and bank credit to sustain the expanded money value of the circulation.

Higher wages and prices make it necessary for business firms to expand their lines of bank credit and, consequently, the short-term liability section of their balance sheets. This section of the balance sheet is the swampy soft spot and breeder of bankruptcy in every capitalist firm, from a small supermarket chain to, say, Penn Central. Furthermore, as the utilization of available credit resources intensifies, business firms will be required to pay higher interest charges on bank loans and on new bond flotations. As interest rates increase, the capitalized value of business firms, based on the discounted present value of estimated future profits, becomes subject to further downward pressures. This tends to further depress the stock market valuation of common stock and to increase the cost of raising equity capital (new stock issues). It also tends to reduce the credit-worthiness of business firms and individuals because of the impairment of collateral values used to secure loans. And the chain of dangerous consequences stemming from rapid credit expansion does not by any means end at this point. In a moment we will follow the chain a little further.

Now this sort of thinking about the contradictions of capitalist expansion and accumulation is what you find in the writings of economists like Karl Marx, Thorstein Veblen, and Wesley Mitchell. But there is no room for this kind of analysis in the sweeping macro-economic formulas of the Keynesian school. Let us listen for a moment to the glad tidings brought to us by the modern apostles of inflation. The gospel preached by the Keynesians goes something like this: Don't fight the workers too hard about money wage rate increases, and above all don't try to beat the workers down by increasing unemployment. Just give

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the workers enough in the way of money wage increases to keep them happy for the moment and then, when they're not looking, raise prices to make up for the wage rate increases. (In Marxist terms, substitute price increases for the industrial reserve army!) Don't worry too much about competitors. All of them, if they listen to us Keynesians, as they must, will be doing pretty much the same thing, and there will take place a general rise in wages, profits, and commodity prices which will leave all relative competitive positions pretty much unchanged. And the same sort of thing will be happening in foreign countries too, as the Keynesian gospel sweeps the world, so that you don't have to worry too much about foreign competition.

Now as to the additional money and credit needed to maintain circulation at higher prices, that's the simplest problem of all to solve if we follow the prescriptions of the Gospel according to St. John Maynard Keynes. Translated into the vernacular, the Gospel propounds a mystical metaphysical theme: In the beginning was the Deficit, and the Deficit was with God, and the Deficit was God. That same divine (or devilishly clever) government spending which produces increasing effective demand, production, employment, and profits, also produces a copious flow of holy monetary water in the form of government IOUs. These are magically transformed into the blood and body, i.e., cash reserves, of the central banks and the commercial banks. Here they provide the foundation for at least a fivefold expansion of loans to business firms.

Besides, there are all sorts of related things that governments and central banks can do to provide ample supplies of credit money to business firms. And in the Keynesian vision of the "euthanasia of the rentier" they can write their own ticket as far as interest rates on bank loans and long-term debt are concerned, pushing them, if necessary, down to the vanishing point.

In brief, by clever manipulation of government deficit spending, central and commercial bank credit creation, interest rates, taxes, and maybe a little fiddling around with import duties and quotas here and there, the whole arrangement could be efficiently managed. The economy could be "fine tuned" to keep unemployment low and production and profits high. All would be for the best in the best of all possible capitalist worlds,

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and the only price that need be paid for the arrangement was the minor social inconvenience of a general price level rising, say, a genteel 2 or 3 percent a year.

The goal of the Keynesian inflationary strategy is as laudable from the point of view of capitalist survival as it is simple. It is to achieve the highest possible levels of production, employment, and profits and to keep them high. This means that the business cycle must be flattened out or eliminated altogether. In particular the cyclical crisis which triggers the collapse into depression conditions must be inhibited. Production and employment must move in one direction only—up. Expansion and the accumulation of capital must be uninterrupted.

Desirable as these goals may be for capitalism, it can be shown that they violate the essential nature of the capitalist organism, its essential physiology. The cyclical mode of life of capitalism is not an aberration, nor is it entirely produced by capitalism's need for periodic restoration of the industrial reserve army. It is also produced by the need for a periodic correction of the impairment which periodically occurs in the polarity of commodities and money. Such polarity is a fundamental requirement for the equilibrium and inner discipline of commodity-producing systems. We will try to explain this basic Marxist concept at an appropriate point later in this essay.

Long before the modern Keynesian inflationary strategy was ever thought of, it was shown in dozens of episodes of capitalist history that the system invariably attempts to obliterate the polarity of commodities and money by the expansion of bank and business credit in the upside phase of the business cycle. It attempts, so to speak, to turn all commodities into money by the ebullient issue of bank-credit money against the security of inventories and potential production. Until the Keynesian inflationary strategy was devised, however, the disturbed polarity of commodities and money was invariably restored by the reduction of credit or even collapse of whole credit structures, in the downside phase of the business cycle.

The Keynesian scheme was, above all, a bold, though quite unconscious, attempt at a permanent obliteration of the polarity of commodities and money. It was unconscious because its authors were entirely innocent of the notion that such polarity

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is an essential requirement of stability of commodity-producing systems. What the application of the Keynesian strategy has achieved is a permanent condition of disorder and instability, an endemic and barely concealed permanent money-credit crisis on a worldwide scale. This Keynesian achievement is the very essence of the crisis of inflation and one of the causes of the paradox of coexistence of inflation and unemployment of which Dr. Arrow spoke.* For a condition of high employment is impossible in an economy which is perpetually on the verge of a financial nervous breakdown. We might also put it that when inflation has finally reduced the capitalist system to a condition of more or less permanent internal chaos, it can no longer serve as an efficient substitute for the industrial reserve army. The system no longer responds well to inflationary drugs (which now seem to affect it as a poison), and it begins to heave convulsively as it attempts to restore the basic inner relationships and balances which it needs for continued survival.

We have already mentioned a few of the effects of an uninterrupted increase in employment, production, prices, and bank and business credit. It makes the working class too strong, too hard to exploit with traditional intensity. It threatens the capitalized value of expected future business profits (as reflected in stock market prices) from two sides, from a reduced future profit flow and from the larger discounting effect of higher interest rates. It also produces quite a variety of other imbalances and strains. Thus expansion which is powered by an ever-increasing flow of credit invariably produces serious internal imbalances in the structure of production, such as relative over-

* The crisis of inflation does not fully account for the specially high rates of unemployment in the United States among black people and certain other ethnic minorities. As indicated earlier, government sponsored and assisted expansion of production and employment, which is associated with the American postwar inflation, was especially designed to favor the white labor aristocracy. Whereas the crisis of inflation is needed to explain unemployment in the latter group, the specific character of the postwar expansion is part of the explanation of the persistently high unemployment in the former groups. The current rate of unemployment among these groups approaches that of the general rate of unemployment at the height of the Great Depression of the 1930s. Except for wartime interruptions, the Great Depression never really ended for America's disadvantaged ethnic minorities.

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production of capacity in certain industries, relative underproduction in others. Similar imbalances appear in the development of commodity inventories. As we have suggested, these imbalances are connected with the impairment of the polarity of commodities and money.

As expansion continues, there not only develops a general tightness in money and credit, but in addition especially severe financial tensions appear in many individual capitalist firms. To maximize profits, as Thorstein Veblen demonstrated in his *Theory of Business Enterprise,* capitalist firms are compelled both to give and to obtain credit on the largest possible scale. What expands most rapidly in capitalist business are the IOUs on both the asset and the liability sides of the balance sheet. The IOUs on the asset side (accounts receivable) represent money owed by customers. The IOUs on the liability side (accounts payable and bank debt) represent money owed to suppliers and banks. But one firm's accounts receivable are another firm's accounts payable. If firm A can't collect on the IOUs in its assets originating in firm B (or raise cash by sale of inventories) it won't be able to pay off its own IOUs to firm C, and so forth. Thus a bankruptcy in one important firm may produce a whole chain reaction of bankruptcies.

As a general expansion continues, most firms find that because of the expansion of plant and equipment, inventories, and sales on credit, their liquid assets (cash and marketable securities) decline in relation to their liabilities, and particularly in relation to their short-term liabilities. In other words, their liquidity position deteriorates. If an especially severe liquidity deterioration takes place in a few important firms the whole network of capitalist firms is threatened with a general credit collapse. This situation is usually referred to as a liquidity crisis. The imbalances in productive capacities and inventories which invariably appear in every capitalist boom period, in conjunction with the reduction of the industrial reserve army and the general credit expansion, also inevitably produce a liquidity crisis.

The contradictions of expanding capitalism (in Marxist terms, the contradictions of capital accumulation), just described with such desperate brevity, would "normally" (i.e., in the absence of powerful government intervention guided by the Keyne-

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sian inflationary strategy) explode eventually into a cyclical crisis. This would involve a liquidity crisis, a major stock market decline, and a sharp drop in business and consumer confidence. Luxury spending, deferrable spending for consumer durables, and the launching of new business investment projects would all show an abrupt decline.

The crisis would also feature a sharp increase in the hoarding of cash and the start of long chains of business failures, including bank failures. The crisis would lead into a more or less prolonged period of depression with declining levels of aggregate production, employment, wages, and profits.

The main function of the "normal" capitalist depression is a curative one from the point of view of the long-range needs of capital accumulation, however deadly it may be to its individual and business victims. The most important feature of this curative process would be the re-creation of the industrial reserve army, the weakening of the wage bargaining position of the working class, and the restoration of an exploitable relationship in favor of the capitalist class.

The depression would also wipe out lots of weak business firms and transfer their productive assets at bargain prices into fewer and stronger financial hands. It would gradually reduce productive capacity and inventories and tend to eliminate inter-industrial imbalances. It would ease the terms of availability of new bank credit and new long-term credit (bond and stock issues) to the surviving business firms whose balance-sheet surplus had suffered the least damage and whose liquidity positions and profit potentials showed relatively greatest improvement. In short, the function of the depression would be to set the stage for a new period of expanding production and profits, i.e., a new period of accelerated capital accumulation. The new period would start with a smaller number of firms of larger than average size. And as cycle follows cycle, the concentration and centralization of capital, i.e., the formation of oligopoly and monopoly positions, would normally tend to increase.

The main goal of the Keynesian inflationary strategy is, as we have seen, to prevent business depressions from occurring while keeping the working class exploitable. But this impedes and inhibits capitalism's own self-curative process. The deepest

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cause of the crisis of inflation is that the process in the end produces chaos and disorder on a grand, endemic, world scale because it prevents the capitalist system from cyclically counteracting chaos and disorder on the smaller national scale in accordance with the laws of its normal physiology.

We spoke earlier of the polarity or opposition of money and commodities as a necessary condition for the maintenance of internal discipline in any form of commodity production, and therefore also in capitalist commodity production. Marx develops this proposition in the first part of *Capital*. Starting with the interacting opposition between use value and exchange value (but casting his argument in the Hegelian terminology and forms of thought which were natural to him but strange to us), Marx demonstrated that this opposition necessarily implied an interacting opposition or polarity within the world of commodities. The opposition was between ordinary commodities and a special or money commodity. Only the money commodity was endowed with the possession of direct and instantaneous purchasing power. By contrast, ordinary commodities could obtain or realize their purchasing power only indirectly, only through the often painful process of conversion into money. To put it in the typical fetishistic language of commodity production, all ordinary commodities must sell themselves for money and endure all the humiliation that this may entail. By contrast the money commodity, and it alone, is always the fawned-upon, socially prestigious master of ordinary, low-caste commodities.

The often painful experiences which attend the conversion of ordinary commodities into money have a beneficial effect on the system as a whole in that they generate the market signals which producers need to keep from overproducing. Without the polarity of commodities and money, and their signal-generating tensions, there would be no mechanism for adjusting the system in the direction of interindustrial balance and proportionality.

Marx's analysis of the polarity considered gold coin as the only form of money. To extend his analysis to paper money we must imagine paper money to be a special kind of precious metal whose labor cost of production is highly variable and easily reduced by government action.* Paper money and its credit-money

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progeny greatly complicate but do not abolish the polarity of commodities and money. What they do is make it easier temporarily to impair or inhibit this polarity.

During a period of rapid growth of credit buying, the output of all goods is so easily sold that the illusion develops that this condition will continue forever, i.e., that the polarity of commodities has been permanently eliminated. It is at times like these, as Marx said in his analysis of money in the first volume of *Capital,* that the capitalists joyously proclaim that indeed all commodities *are* money. He observed that this was just about as possible as for all Catholics to be Pope.

The business cycle may be described as an expansion which impairs the polarity of commodities and money and a contraction which redresses that impairment. The cyclical crisis point at which the change from expansion to contraction occurs involves three aspects: a labor-power crisis, a money crisis, and an ordinary commodity crisis. (This corresponds to the character of capitalist commodity production, which, in addition to ordinary commodities, features two special commodities—labor power and money.)

The labor-power crisis takes the form of an exhaustion, or near-exhaustion, of the industrial reserve army, which tends to make the working class unmanageable for the purpose of capitalist exploitation. The money crisis takes the form of a liquidity crisis such as we have already described. The ordinary commodity crisis takes the form of an emergence of interindustrial imbalances in productive capacities and inventories. Since, as we showed earlier, the three aspects of the cyclical crisis are interrelated, they tend to appear more or less simultaneously and to disappear the same way. Of the three related aspects, it is the liquidity crisis which is the most visible and the most dramatic. This gives rise to the illusion that the business cycle is a purely monetary or financial phenomenon and that it can therefore be eliminated by clever manipulation of the money, credit, and

* Devil's Gold, according to Goethe; Fool's Gold, according to Charles Rist, a leading economist of the French sound-money school. The man in the street refers to this kind of precious metal as "baloney." The sausage analogy is particularly apt since the cost of production of sausages can be easily reduced by substituting cereal, sawdust, or offal for meat.

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tax systems. This illusion is one of the main foundations of the Keynesian inflationary strategy.

The illusion is strengthened by certain changes which have occurred during the era of monopoly capitalism. Giant firms have the resources to do a lot of research into the supply and demand conditions affecting their product lines. This research leads to actions which produce certain equilibrative countertendencies tending to offset the disequilibrating tendencies generated under conditions of rapid expansion. Under the impact of the inflationary strategy, the disorder tends to be shifted upward from the production and marketing levels to the financial level. Here we find, as in recent years, increasing instability in the money valuation of assets and liabilities, increasing instability of cash flows inward and outward across national borders, increasing instability of interest rates (especially short-term rates), increasing instability in availability of the various types of credit and in the forms of holding of liquid assets. A very important destabilizing phenomenon of recent years is the phenomenon of disintermediation, in which funds are withdrawn from financial intermediaries (banks of all kinds, life insurance companies, mutual funds, and so on) and applied to the direct ownership of government and other securities by the former bank depositors, policy-holders, and mutual fund owners.

Our line of argument in this paper is, in essence, a restatement and expansion of the analysis of the fallacious monetary panaceas of John Gray and Proudhon to be found in Marx's 1859 *Critique of Political Economy* (International Publishers edition, New York, 1972, pp. 83-86). Like the Keynesian inflationary strategy, these panaceas had as their aim, unconscious to be sure, the elimination of the polarity or opposition between commodities and money and the endowment of all commodities with the direct purchasing power which, normally, money alone possesses. Marx demonstrated that the achievement of this aim would produce total chaos.

In our judgment, the application of the Keynesian strategy in the United States has not been so extensive as to produce more than a partial impairment of the polarity of commodities and money, though at the present stage of the crisis of inflation it would be a gross exaggeration to speak of a condition of total

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chaos or disorder in the American capitalist economy. But the disorder is now so great that all the economic crystal-ball gazers with their elaborate systems of econometric equations for making economic forecasts are in a more or less complete muddle. This situation recently induced one of the Halsey Stuart Co. money market "analysts" to deliver himself of the following biting comment: "We have often contended that economic forecasters are a pretty useless lot. As free markets recede under the impact of inflation and government controls, they become even more useless. Economists have been reduced to the status of gossip columnists, political commentators, sportswriters and other mildly amusing but generally nonproductive types." Whereupon the said analyst, having made his generalization, proceeded to furnish himself as another example of it.

We will now resume the job of tracing the development of the crisis of postwar inflation as it has appeared under American conditions. Here a very important factor is that, after a while, the unionized sector of the working class began to catch on to the Keynesian inflationary strategy. After a few rookings, union wage demands began to take account not only of past losses in the purchasing power of the wage packet but of future losses as well. In other words *inflationary expectations* became an increasingly important influence. Once these expectations took hold of peoples' thinking, whether they were workers or businessmen or anything in between, the inflationary spiral began to wind upward with ever increasing speed.

In general, the inflationary strategy worked well as long as it was only an insider's strategy, so to speak, one known only to the top echelons of the establishment. But once it became common knowledge and all sorts of people started to do something about protecting themselves against inflation, or taking advantage of it, the career of the inflationary strategy as an effective economic stimulant was doomed. It began to turn into an agency of chaos and disorder.

The authors and apologists of inflation generally attribute the increasing disorder to inordinate wage demands. In their eyes there is a nice kind of inflation (demand-pull) which increases effective demand, production, and employment, and a nasty kind (cost-push) which has destructive effects. It is only the

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nasty kind of inflation produced by the greed of workers which disorders and disorganizes the capitalist economy, increasing unemployment and depressing the business rate of profit.

It is not difficult to demonstrate the shallowness of the argument that attributes the downfall of the beneficent inflationary strategy to working-class greed. It is a matter of common observation that inflation greatly stimulates the creation of debt. Not only do governments and individuals as consumers find it attractive to borrow today so that they can pay off tomorrow in depreciated money, but the same is true of all sorts of business enterprises and of business firms and individuals as speculators. We have already seen that during the upswing of the trade cycle, and without the special incentives generated by an inflationary strategy, business firms must increase their borrowings from banks, for instance, to get the additional money capital needed to do business at higher price and wage levels. Inflation stimulates them to increase their debt in order to finance takeovers of other firms and in order to speculate, for example, to build up inventories in anticipation of a price rise. It also stimulates speculative expansions of plant and equipment, of office buildings, and of luxury-level housing construction. Inflation also stimulates a host of individuals to speculate in common stocks, commodities, and real estate. Most of these speculators operate to a large extent with borrowed money.

The forms of inflationary-inspired speculation are almost endless, and we have left out of account many new, esoteric forms of speculation peculiar to our own insane era, such as the kind which produced the recent Equity Funding scandal and bankruptcy. This fiasco only reveals the tip of the iceberg; there are undoubtedly many fiascos in the making whose emergence is just down the road. The essential point is that with the growth of speculative manias, the whole internal discipline of capitalist production is weakened: disproportions, bottlenecks, and a dozen varieties of impairment of normal function grow apace.

The people and firms who have money to lend to speculators are not all fools, and inflation soon teaches them the fallacies of the Keynesian formula of the "euthanasia of the rentier." The rising demands for business and speculative loans and the prospect that these loans will be paid off in depreciated

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money make it not only possible but necessary for lenders to impose higher interest charges. But higher interest charges, as we have already seen, produce a multitude of disturbing effects. Bonds and stocks drop in price, producing particularly heavy losses for speculators who have purchased such securities with borrowed money. All the forces described earlier as contributing to a liquidity crisis are greatly intensified under the impact of the inflationary strategy. Shortages of money and credit appear; the process of money hoarding begins in a thousand different places; and the whole inflated structure of the economy is threatened by the prospect of a severe deflation.

Under the circumstances, there is heavy pressure generated on the government to relieve any visibly emerging liquidity crisis by more inflation. This in fact is how the liquidity crises of 1966 and of 1969-1970 were relieved. The action was engineered by the Federal Reserve Banks' purchases of government bonds; this process simultaneously pumps cash reserves into the commercial banking system and lowers money market or short-term rates of interest.

The injection of more inflationary dope brought retribution in two related forms. On the one hand, the internal stability of the American economy was further impaired; on the other, forces were aroused which, in conjunction with other factors related to the Vietnam war and the financial operations of American multinational banks and corporations, pumped up the entire international capitalist money, credit, and trade system.

As this is written, another liquidity-crisis phase of the general crisis of the American inflationary strategy is in the making. There is now very deep foreboding about this in all American business and financial circles. There is a growing feeling that new forms of government intervention, e.g., a stronger system of wage-price controls than Nixon's Phase 1, 2, and 3 fiascos, will be needed to cope with the ever intensifying inflationary crisis. There is also a growing feeling of dismay at the evident ineptness of the mob of malicious pygmies who are presently in command of the executive branch of the American government.

Wage-price control is a good substitute for the industrial reserve army only if it works out in practice as mostly wage

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control and very little price control. Since the American labor unions are not likely to submit willingly and indefinitely to this kind of wage-price control, the capitalist class will no doubt attempt to implement additional anti-labor measures, e.g., compulsory arbitration of labor disputes, to mention just one prominent possibility. American labor unions, covering as they do only a minor fraction of the American working class, and weakened by racism and lack of inner union democracy, are very vulnerable to political, economic, and legal attack. They can be attacked as monopolies, as rackets, as engines of inflation, as hotbeds of racism, and so on, and with no small amount of potent and convincing, though often spurious, argument.

It seems almost inevitable that the attempted "solution" to the chaos of the crisis of inflation which will eventually emerge from the councils of the highest echelons of the American capitalist class will rely heavily on the authoritarian intervention of the central government to a degree beyond anything yet experienced in the United States. Such a semi-fascist government of intervention—and here we have in mind a post-Nixon government—might even bid for the political support of the non-unionized majority of the American working class in its attempt to emasculate the labor unions.

The wisest response of the American labor unions to such an anti-union strategy would be to sponsor the formation of a labor-backed, popular-front government. But this demands, above all, the unification of the American working class. And this in turn is linked to the emergence of a socialist perspective, a determined struggle against racism, and a massive national campaign to organize the unorganized workers. The prospects for such an alternative to the capitalist-class solution to the crisis of inflation do not appear to be very bright. But history-shaking developments occurred in the 1934-1938 period in the United States in the organization and radicalization of the working class which were not even dreamed of in 1930. A new surge forward along these lines is not outside the realm of the possible. From a Marxist point of view it is the only alternative to the growing chaos of the inflationary strategy and to the semi-fascist terrorism of the authoritarian capitalist strategy which could be its successor.

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FIFTEENTH AND TWENTIETH ANNIVERSARIES FOR CUBA

BY PAUL M. SWEEZY

We present below answers to questions posed by the editors of the Mexican quarterly *Problemas del Desarrollo: Revista Latinoamericana de Economía,* in connection with the commemoration of the twentieth anniversary of the attack on Moncada (July 26, 1953) and of the fifteenth anniversary of the triumph of the Cuban Revolution (January 1, 1959). A number of other questions were not answered since the interviewee considered that he lacked the necessary knowledge of the current situation in Cuba. — The Editors

Question. With the triumph of the movement headed by the July 26th Movement against the dictatorship of Batista on the first of January, 1959, there was clearly presented to the world a correlation of forces which made this triumph possible. There were three elements involved: (1) the rise of the socialist world and of liberation movements in Asia and Africa; (2) the economic and political crisis in the United States in its relations with other countries in the imperialist bloc and with the countries of the Third World; and (3) the imagination and justice of the political line of the revolutionary movement. What, in your judgment, are the factors on the present international scene which favor socialist movements and what could be the aspects least favorable for them?

Answer. Basically, the prospects for the development of socialist movements are favorable, provided we are prepared to look at the problem historically and to understand that the transition from capitalism to socialism is not really a problem of individual countries but of the whole world which has been

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shaped by four centuries of capitalist domination. The global capitalist system is entering a period of escalating crisis as U.S. hegemony disintegrates (the clearest symptom of this is the downfall of the Bretton Woods international monetary system and the rapid depreciation of the once almighty dollar since 1971). This will give many opportunities for struggle against and escape from the imperialist straitjacket as the years go by. But, as the experience of the peoples of Indochina proves, these struggles and escapes will not be peaceful or automatic but will come only as the outcome of heroic determination and sacrifice. The greatest handicap which the socialist movements still suffer from is an insufficient theoretical understanding of the causes of the crisis of capitalism and of the necessary way forward to socialism, for without correct theory there can be no successful socialist movement. However, great steps forward are being made in this area too. The true nature of underdevelopment is increasingly clear to the movements of Asia, Africa, and Latin America; and increasingly fruitful marriages of theory and practice are emerging in such countries as North Korea, North Vietnam, and the Portuguese colonies in Africa. At the same time, many socialist or would-be socialist movements all over the world are still paralyzed by modern revisionist distortions of Marxism. Every movement, to be successful, must seek clarity on fundamental issues, repudiating revisionism and adopting as its own a genuinely revolutionary line.

Question. It is known that support for Cuba from the socialist countries has been a condition *sine qua non* for resistance to the blockade imposed by the imperialist government of the United States, supplanting traditional sources of capital goods, intermediate products, and even certain foodstuffs and raw materials. What could you say to us on this subject?

Answer. I have nothing substantial to add. To support a beleaguered revolutionary country like Cuba is the elementary duty of every movement or state having pretensions to being socialist. Failure to do so would be fatal to such pretensions.

Question. Concretely, how do the problems of the "transition period" express themselves in Cuba, and what do you see as their principal stages?

Answer. I have not been to Cuba for five years and do not

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have the knowledge necessary to add to what Leo Huberman and I then wrote about the problems of transition in Cuba. I am sure many interesting and important things have happened in this period, but I am in no position to help throw light on them.

Question. The question of the role, social composition, and attributes of the state continues to be basic in all countries, and with even greater reason in those which are living through a process of rapid and profound transformations, as is the case with Cuba. What have been the principal changes in the Cuban state in these fifteen years?

Answer. The fundamental change which took place in the Cuban state was the transference of power from the old oligarchy in close alliance with, and dependence on, U.S. imperialism to the revolutionary government supported by and in a sense representing the exploited classes. The old state apparatus was destroyed and a new one put in its place, and the dialectical logic of the situation rather than previous ideological commitment turned the new state toward socialism. (I believe that Leo Huberman and I were the first to say, in 1960, that the Cuban Revolution would be socialist or it would be nothing.) It was this basic change which permitted Cuba to break out of the old neocolonial constraints and to begin to solve basic problems such as starvation, underemployment, extreme inequality, etc. In these respects Cuba has gone far beyond any other Latin American country. But I am not in a position to evaluate the extent to which Cuba has in recent years advanced beyond this stage toward a genuine socialist and proletarian state.

Question. It has been the fashion in certain intellectual circles to denounce Cuba and accuse it of Stalinism, bureaucratism, autocracy, and other reprehensible "isms." What could account for such an attitude?

Answer. The Cuban state, like any other, has many faults and weaknesses which make it open to criticism. In evaluating such criticism, it seems to me the important thing is to distinguish between the destructive and the constructive. Since both types of criticism have been directed against Cuba, it is impossible to make valid generalizations. I will only add that it is my impression that the Cuban leadership, while obviously resenting the kind of criticism referred to in the question, has nevertheless

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been somewhat influenced by it to attempt to improve situations which have been the objects of criticism.

Question. It has also been a kind of fashion among some Latin American economists and sociologists to accuse Cuba of having escaped from its traditional dependence on the United States only to fall into dependence on the Soviet Union. In your opinion, what does "dependence" mean and in what sense is Cuba a dependent country?

Answer. Cuba's dependence on the Soviet Union differs from its former dependence on the United States. For example, the Russians do not own any Cuban enterprises or means of production, and their economic support of Cuba takes the form of grants and loans (the terms of which are relatively favorable by capitalist standards). Nevertheless, Cuba is dependent on the USSR in the sense that if the latter's support were withdrawn the Cuban economy would face collapse. This is a potentially dangerous situation for Cuba to be in. The experience of China shows that in certain circumstances the Russians will attempt to use their economic aid as an instrument of control. In the Chinese case, fortunately, China was strong and self-reliant enough to be able to face this challenge and overcome it, with eventual positive results for China. The sooner Cuba can get itself in a similar position the better it will be for the Cuban Revolution.

Question. What do you think have been the main differences, during the last decade and a half, between the socio-economic development of Cuba and that of the rest of the Latin American countries?

Answer. Cuba has become a much more egalitarian society than it was before or than any other Latin American society is today. Its achievements in education and health care are incomparably greater than those of any other Latin American country. But I think that perhaps the most important difference is that Cuba no longer has an unemployment problem, while this problem is growing increasingly severe in all the Latin American countries which still remain entrapped in the imperialist system. It is the complete inability to cope with this problem which dooms capitalism in the underdeveloped countries to ultimate defeat.

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Question. Given the internal deterioration of the Nixon administration and the collapsing prestige of the Organization of American States, how do you estimate relations between Cuba and the United States will develop?

Answer. I expect that sooner or later the U.S. government will attempt to recognize the Cuban government, but probably not as long as Nixon is president.

Question. In view of the growing economic and political problems of Latin America, do you believe in the possibility of a rapid normalization of economic and political relations between Cuba and the other countries of Latin America?

Answer. The process of normalization of relations between Cuba and other Latin American countries is already under way, and, barring unforeseen circumstances (such as a crisis in relations between the United States and the Soviet Union), I believe it will continue.

Question. Would you like to comment on any aspect or problem not covered in the above?

Answer. I would like to take the opportunity presented by this interview with my good friends at *Problemas del Desarrollo* to congratulate the Cuban Revolution, the Cuban leadership, and above all the Cuban people on these important anniversaries. I am sure I speak for all of us at MONTHLY REVIEW in wishing them even greater achievements and successes in the years to come.

Revolution is the only thing, the only power, that ever worked out freedom for any people. The powers that have ruled long, and learned to love ruling, will never give up that prerogative till they find they must, till they see the certainty of overthrow and destruction if they do not!

— Wendell Phillips, 1848

We can't have education without revolution. We have tried peace education for 1,900 years and it has failed. Let us try revolution and see what it will do now.

—Helen Keller

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OPEN VEINS OF LATIN AMERICA

BY EDUARDO GALEANO

The following text is the introduction to Eduardo Galeano's *Open Veins of Latin America: Five Centuries of the Pillage of a Continent,* published by MR Press in August. In announcing publication we stated that "the author's magnificent achievement in this brilliant text is to have written a history of Latin America since Columbus—but a history which is at the same time a political economy, a social and cultural narrative of the highest quality, and perhaps the finest description of the primary accumulation of capital since Marx."

Galeano is the author of *Guatemala: Occupied Country* and a frequent contributor to MR. The translation is by Cedric Belfrage. — The Editors

The division of labor among nations is that some specialize in winning and others in losing. Our part of the world, known today as Latin America, was precocious: it has specialized in losing ever since those remote times when Renaissance Europeans ventured across the ocean and buried their teeth in the throats of the Indian civilizations. Centuries passed, and Latin America perfected its role. We are no longer in the era of marvels when fact surpassed fable and imagination was shamed by the trophies of conquest—the lodes of gold, the mountains of silver. But our region still works as a menial. It continues to exist at the service of others' needs, as a source and reserve of oil and iron, of copper and meat, of fruit and coffee, the raw materials and foods destined for rich countries which profit more from consuming them than Latin America does from producing them. The taxes collected by the buyers are much higher than

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the prices received by the sellers; and after all, as Alliance for Progress coordinator Covey T. Oliver said in July 1968, to speak of fair prices is a "medieval" concept, for we are in the era of free trade.

The more freedom is extended to business, the more prisons have to be built for those who suffer from that business. Our inquisitor-hangman systems function not only for the dominating external markets; they also provide gushers of profit from foreign loans and investments in the dominated internal markets. Back in 1913, President Woodrow Wilson observed: "You hear of 'concessions' to foreign capitalists in Latin America. You do not hear of concessions to foreign capitalists in the United States. They are not granted concessions." He was confident: "States that are obliged . . . to grant concessions are in this condition, that foreign interests are apt to dominate their domestic affairs . . . ," he said, and he was right.* Along the way we have even lost the right to call ourselves Americans, although the Haitians and the Cubans appeared in history as new people a century before the *Mayflower* pilgrims settled on the Plymouth coast. For the world today, America is just the United States; the region we inhabit is a sub-America, a second-class America of nebulous identity.

Latin America is the region of open veins. Everything, from the discovery until our times, has always been transmuted into European—or later United States—capital, and as such has accumulated in distant centers of power. Everything: the soil, its fruits and its mineral-rich depths, the people and their capacity to work and to consume, natural resources and human resources. Production methods and class structure have been successively determined from outside for each area by meshing it into the universal gearbox of capitalism. To each area has been assigned a function, always for the benefit of the foreign metropolis of the moment, and the endless chain of dependency has been endlessly extended. The chain has many more than two links. In Latin

* Woodrow Wilson, as quoted in Scott Nearing and Joseph Freeman, *Dollar Diplomacy* (1925; reprint ed., New York: Monthly Review Press, 1966).

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America it also includes the oppression of small countries by their larger neighbors and, within each country's frontiers, the exploitation by big cities and ports of their internal sources of food and labor. (Four centuries ago sixteen of today's twenty biggest Latin American cities already existed.)

For those who see history as a competition, Latin America's backwardness and poverty are merely the result of its failure. We lost; others won. But the winners happen to have won thanks to our losing: the history of Latin America's underdevelopment is, as someone has said, an integral part of the history of world capitalism's development. *Our defeat was always implicit in the victory of others; our wealth has always generated our poverty by nourishing the prosperity of others—the empires and their native overseers. In the colonial and neocolonial alchemy, gold changes into scrap metal and food into poison.* Potosí, Zacatecas, and Ouro Prêto became desolate warrens of deep, empty tunnels from which the precious metals had been taken; ruin was the fate of Chile's nitrate pampas and of Amazonia's rubber forests. Northeast Brazil's sugar and Argentina's quebracho belts, and communities around oil-rich Lake Maracaibo, have become painfully aware of the mortality of wealth which nature bestows and imperialism appropriates. The rain that irrigates the centers of imperialist power drowns the vast suburbs of the system. In the same way, and symmetrically, the well-being of our dominating classes—dominating inwardly, dominated from outside—is the curse of our multitudes condemned to exist as beasts of burden.

The gap widens. Around the middle of the last century the world's rich countries enjoyed a 50 percent higher living standard than the poor countries. Development develops inequality: in April 1969 Richard Nixon told the Organization of American States (OAS) that by the end of the twentieth century the United States' per capita income would be fifteen times higher than Latin America's. The strength of the imperialist system as a whole rests on the necessary inequality of its parts, and this inequality assumes ever more dramatic dimensions. The oppressor countries get steadily richer in absolute terms—and much more so in relative terms—through the dynamic of growing dis-

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parity. The capitalist "head office" can allow itself the luxury of creating and believing its own myths of opulence, but the poor countries on the capitalist periphery know that myths cannot be eaten. The United States citizen's average income is seven times that of a Latin American and grows ten times faster. And averages are deceptive in view of the abyss that yawns between the many poor and the rich few south of the Rio Grande. According to the United Nations, the amount shared by 6 million Latin Americans at the top of the social pyramid is the same as the amount shared by 140 million at the bottom. There are 60 million *campesinos* whose fortune amounts to $.25 a day. At the other extreme, the pimps of misery accumulate $5 billion in their private Swiss or U.S. bank accounts. Adding insult to injury, they squander in sterile ostentation and luxury, and in unproductive investments constituting no less than half the total investment, the capital that Latin America could devote to the replacement, extension, and generation of job-creating means of production. Harnessed as they have always been to the constellation of imperialist power, our ruling classes have no interest whatsoever in determining whether patriotism might not prove more profitable than treason, and whether begging is really the only formula for international politics. Sovereignty is mortgaged because "there's no other way." The oligarchies' cynical alibis confuse the impotence of a social class with the presumed empty destinies of their countries.

Says Josué de Castro: "I, who have received an international peace prize, think that, unhappily, there is no other solution than violence for Latin America." In the eye of this hurricane 120 million children are stirring. Latin America's population grows as does no other; it has more than tripled in half a century. One child dies of disease or hunger every minute, but in the year 2000 there will be 650 million Latin Americans, half of whom will be under fifteen: a time bomb. Among the 280 million Latin Americans of today, 50 million are unemployed or underemployed and about 100 million are illiterate; half of them live in crowded, unhealthy slums. Latin America's three largest markets—Argentina, Brazil, and Mexico—together consume less than France or West Germany, although their com-

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bined population considerably exceeds that of any European country. In proportion to population, Latin America today produces less food than it did before the Second World War, and at constant prices there has been a threefold decline in its per capita exports since the eve of the 1929 crisis.

For its foreign masters and for our commission-agent bourgeoisie, who have sold their souls to the devil at a price that would have shamed Faust, the system is perfectly rational; but for no one else, since the more it develops, the greater its disequilibrium, its tensions, and its contradictions. Even industrialization—coming late and in dependent form, and comfortably coexisting with the latifundios and the structures of inequality—helps to spread unemployment rather than to relieve it; poverty is extended, wealth concentrated in the area where an ever multiplying army of idle hands is available. New factories are built in the privileged poles of development—São Paulo, Buenos Aires, Mexico City—but less and less labor is needed. The system did not foresee this small headache, this surplus of people. And the people keep reproducing. They make love with enthusiasm and without precaution. Ever more people are left beside the road, without work in the countryside, where the latifundios reign with their vast extensions of idle land, without work in the city where the machine is king. The system vomits people. United States missionaries sow pills, diaphragms, intrauterine devices, condoms, and marked calendars, but reap children. Latin American children obstinately continue getting born, claiming their natural right to a place in the sun in these magnificent lands which could give to all what is now denied to almost all.

At the beginning of November 1968 Richard Nixon loudly confirmed that the Alliance for Progress was seven years old and that malnutrition and food shortages had nevertheless intensified in Latin America. A few months earlier, in April, George W. Ball wrote in *Life:* "But at least for the next several decades, the discontent of poorer nations does not threaten world destruction. Shameful as it undoubtedly may be, the world has lived at least two-thirds poor and one-third rich for generations. Unjust as it may be, the power of poor countries is limited."* Ball had

* *Life,* March 29, 1968, p. 83.

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headed the U.S. delegation to the First Conference on Trade and Development in Geneva, and had voted against nine of the twelve general principles approved by the conference for removing some of the handicaps of the underdeveloped countries in international trade.

The human murder by poverty in Latin America is secret; every year, without making a sound, three Hiroshima bombs explode over communities that have become accustomed to suffering with clenched teeth. This systematic violence is not apparent but it is real and constantly increasing: its holocausts are not made known in the sensational press but in Food and Agriculture Organization statistics. Ball says that it is still possible to act with impunity because the poor cannot set off a world war, but the Imperium is worried: unable to multiply the dinner, it does what it can to suppress the diners. "Fight poverty, kill a beggar!" some genius of black humor scrawled on a wall in La Paz. What do the heirs to Malthus propose but to kill all the beggars-to-be before they are born? Robert McNamara, the World Bank president who was chairman of Ford and then Secretary of Defense, has called the population explosion the greatest obstacle to progress in Latin America; the World Bank, he says, will give priority in its loans to countries that implement birth control plans. McNamara notes with regret that the brains of the poor do 25 percent less thinking, and the World Bank technocrats (who have already been born) set computers humming to produce labyrinthine abracadabras on the advantages of not being born: "If," one of the Bank's documents assures us, "a developing country with an average per capita income of $150 to $200 a year succeeds in reducing its fertility by 50 percent in a period of twenty-five years, at the end of thirty years its per capita income will be higher by at least 40 percent than the level it would otherwise have achieved, and twice as high after sixty years." Lyndon B. Johnson's remark has become famous: "Let us act on the fact that less than $5 invested in population control is worth $100 invested in economic growth."* Dwight D. Eisenhower prophesied that if the world's inhabitants

* Lyndon B. Johnson, in a speech on the twentieth anniversary of the United Nations, San Francisco, June 25, 1965.

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continued multiplying at the same rate, not only would the danger of revolution be increased, but there would also be a lowering of living standards for all peoples, including his own.

The United States is more concerned than any other country with spreading and imposing family planning in the farthest outposts. Not only the government, but the Rockefeller and the Ford foundations as well, have nightmares about millions of children advancing like locusts over the horizon from the Third World. Plato and Aristotle considered the question before Malthus and McNamara; in our day this global offensive plays a well-defined role. Its aim is to justify the very unequal income distribution between countries and social classes, to convince the poor that poverty is the result of the children they don't avoid having, and to dam the rebellious advance of the masses. While intrauterine devices compete with bombs and machine-gun salvos to arrest the growth of the Vietnamese population, in Latin America it is more hygienic and effective to kill *guerrilleros* in the womb than in the mountains or the streets. Various U.S. missions have sterilized thousands of women in Amazonia, although this is the least populated habitable zone on our planet. Most Latin American countries have no real surplus of people; on the contrary, they have too few. Brazil has thirty-eight times fewer inhabitants per square mile than Belgium, Paraguay has forty-nine times fewer than England, Peru has thirty-two times fewer than Japan. Haiti and El Salvador, the human antheaps of Latin America, have lower population densities than Italy. The pretexts invoked are an insult to the intelligence; the real intentions anger us. No less than half the territory of Bolivia, Brazil, Chile, Ecuador, Paraguay, and Venezuela has no inhabitants at all. No Latin American population grows less than Uruguay's —a country of old folk—yet no nation has taken such a beating in recent years, with a crisis that would seem to drag it into the last circle of hell. Uruguay is empty, and its fertile lands could provide food for infinitely more people than those who now suffer in such penury.

Over a century ago a Guatemalan foreign minister said prophetically: "It would be strange if the remedy should come from the United States, the same place which brings us the

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disease." Now that the Alliance for Progress is dead and buried the Imperium proposes, more in panic than in generosity, to solve Latin America's problems by eliminating Latin Americans; Washington has reason to suspect that the poor peoples don't *prefer* to be poor. But it is impossible to desire the end without desiring the means. Those who deny liberation to Latin America also deny our only possible rebirth, and incidentally absolve the existing structures from blame. Our youth multiplies, rises, listens: what does the voice of the system offer? The system speaks a surrealist language. In lands that are empty it proposes to avoid births; in countries where capital is plentiful but wasted it suggests that capital is lacking; it describes as "aid" the deforming orthopedics of loans and the draining of wealth that results from foreign investment; it calls upon big landowners to carry out agrarian reforms and upon the oligarchy to practice social justice. The class struggle only exists, we are told, because foreign agents stir it up; but social classes do exist and the oppression of one by the other is known as the Western way of life. The Marines undertake their criminal expeditions only to restore order and social peace; the dictatorships linked to Washington lay foundations in their jails for the law-abiding state, and ban strikes and smash trade unions to protect the freedom to work.

Is everything forbidden us except to fold our arms? Poverty is not written in the stars; underdevelopment is not one of God's mysterious designs. Redemptive years of revolution pass; the ruling classes wait and meanwhile pronounce hellfire anathema on everybody. In a sense the right wing is correct in identifying itself with tranquility and order: it is an order of daily humiliation for the majority, but an order nonetheless; it is a tranquility in which injustice continues to be unjust and hunger to be hungry. If the future turns out to be a Pandora's box, the conservative has reason to shout, "I have been betrayed." And the ideologists of impotence, the slaves who look at themselves with the master's eyes, are not slow to join in the outcry. The bronze eagle of the *Maine,* thrown down on the day the Cuban Revolution triumphed, now lies abandoned, its wings broken, in a doorway in the old town in Havana. Since that day in Cuba, other countries have set off on different roads on the experiment of

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change: perpetuation of the existing order of things is perpetuation of the crime. Recovery of the resources that have always been usurped is recovery of our destiny.

The ghosts of all the revolutions that have been strangled or betrayed through Latin America's tortured history emerge in the new experiments, as if the present had been foreseen and begotten by the contradictions of the past. History is a prophet who looks back: because of what was, and against what was, it announces what will be. And so this book, which seeks to chronicle our despoliation and at the same time explain how the current mechanisms of plunder operate, will present in close proximity the caravelled conquistadores and the jet-propelled technocrats; Hernán Cortés and the Marines; the agents of the Spanish Crown and the International Monetary Fund missions; the dividends from the slave trade and the profits of General Motors. And, too, the defeated heroes and revolutions of our time, the infamies and the dead and resurrected hopes: the fertile sacrifices. When Alexander von Humboldt investigated the customs of the ancient inhabitants of the Bogotá plateau, he found that the Indians called the victims of ritual ceremonies *quihica*. *Quihica* meant "door"; the death of each chosen victim opened the door to a new cycle of 185 moons.

The profound hypocrisy and inherent barbarism of bourgeois civilization lies unveiled before our eyes, turning from its home, where it assumes respectable forms, to the colonies, where it goes naked.

—Karl Marx, *New York Daily Tribune,* August 8, 1853

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SOCIAL REVOLUTION AND SEXUAL REVOLUTION

BY BERTELL OLLMAN

Marx claimed that from the sexual relationship "one can . . . judge man's whole level of development. . . . [T]he relationship of man to woman is the most natural relation of human being to human being. It therefore reveals the extent to which man's natural behavior has become human."[1]* The women's liberation movement has provided ample evidence that in our society this relationship is one of inequality, one in which the woman is used as an object, and one which does not bring much satisfaction to either party. As predicted, these same qualities can be observed throughout capitalist life. Inequality, people treating each other as objects, as instances of a kind (not taking another's unique, personalizing characteristics into account), and the general frustration that results are major features in the alienation described by Marx.

Yet Marx himself never tried to explain what we may now call "sexual alienation." Pointing to the fact of exploitation and indicating that this is typical of what goes on throughout capitalist society is clearly insufficient. We also want to know by what means the capitalist system operates on the sexual lives

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This is a revised version of the introduction to Wilhelm Reich, *Sex-Pol: Essays, 1929-1934* (New York: Vintage, 1972, $2.45). Bertell Ollman is associate professor in the Department of Politics at New York University and author of *Alienation: Marxist Conception of Man in Capitalist Society.*

* Notes will be found at the end of the article.

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and attitudes of people and, conversely, what role such practices and thinking play in promoting the goals of the system. What is missing from this dialectical equation is the psychological dimension which, given the state of knowledge in his time, Marx was ill-equipped to provide.

Half a century after Marx's death, the task of accounting for sexual alienation was taken up by Wilhelm Reich. Born in Austrian Galicia in 1897, Reich came to Vienna after the First World War to study medicine, and in 1920 while still a student became a practicing psychoanalyst. By 1924, he was director of the Viennese Psychoanalytic Society's prestigious seminar in psychoanalytic technique and highly regarded for his contributions in this field. Almost from the start of his career as an analyst, however, Reich was troubled by Freud's neglect of social factors. His work in the free psychoanalytic clinic of Vienna (1922-1930) showed him how often poverty and its concomitants—inadequate housing, lack of time, ignorance, etc. —contribute to neuroses. He soon became convinced that the problems treated by psychoanalysis are, at their roots, social problems demanding a social cure. Further investigation brought him to Marxism and eventually, in 1927, to membership in the Austrian Social Democratic Party.

Reich's voluminous writings in his Marxist period (roughly 1927-1936) sought, on the one hand, to integrate basic psychoanalytic findings with Marxist theory and, on the other, to develop a revolutionary strategy for the working class based on this expansion of Marxism. The social revolution is only a prerequisite (and not a sufficient condition) for the sexual revolution, but recognition of their close relationship, Reich believed, particularly among the young, helped to develop consciousness of the need for both revolutions. With the exception of *Character Analysis* (1934), which psychoanalysts still regard as a classic in their field, and a few related articles, Reich's early work was devoted almost entirely to the attainment of such a consciousness.

Not content to debate his ideas, in 1929 Reich organized the "Socialist Society for Sexual Advice and Sexual Research." A half-dozen clinics were set up in poor sections of Vienna, where working-class people were not only helped with their

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emotional problems but urged to draw the political lessons which come from recognizing the social roots of these problems. Moving to Berlin in 1930, Reich joined the German Communist Party and convinced its leadership to unite several sexual reform movements into a sex-political organization (Sex-Pol) under the aegis of the Party. With Reich, the chief spokesman on sexual questions, lecturing to working-class and student audiences throughout the country, membership in the new organization grew quickly to about 40,000.

By the end of 1932, however, the Communist Party decided—whether to placate potential allies against fascism or because of the general reaction that was then overtaking the Soviet Union—that Reich's attempt to link sexual and political revolution was a political liability. Interpretations which were previously considered "sufficiently" Marxist were now declared un-Marxist, and Party organs were prohibited from distributing Reich's books. Despite the support of his co-workers in Sex-Pol, in February 1933 Reich was formally expelled from the Party.

If the Communist leaders found Reich's stress on sexuality intolerable, his psychoanalytic colleagues were no more appreciative of his Communist politics. Badly frightened by the import of Reich's *Mass Psychology of Fascism* (1933)—and, as difficult as it is to believe today, still hoping to make their peace with fascism—the International Psychoanalytic Association expelled Reich the following year.

First from Denmark, then from Sweden and Norway, Reich continued his efforts to influence the course of working-class protest against fascism. Most of his writings of this time appear in the *Zeitschrift für politische Psychologie und Sexualökonomie,* a journal he edited between 1934 and 1938. From about 1935 on, however, Reich's interest in politics gradually gave way to a growing interest in biology, spurred on by the belief that he had discovered the physical basis of sexual energy (libido). From psychoanalyst and Marxist social philosopher, Reich became a natural scientist, a metamorphosis that was to have drastic effects on both his psychoanalytic theory and his social philosophy. Reich immigrated to America in 1939, each year adding to his spiritual distance from Marx and Freud, and after a new round of persecution by the authorities (this time

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in connection with his scientific research) died in an American prison in 1957.

Reich's later work, as fascinating and controversial as it is, lies outside the bounds of this essay, which is concerned solely with his Marxist period. As indicated above, I believe Reich's chief contribution to Marxism is in filling in the theory of alienation as it applies to the sexual realm. Reich himself would be surprised by such a judgment, since he was only partially familiar with this theory and seldom employed the vocabulary associated with it. *The German Ideology* and *1844 Manuscripts,* which contain Marx's clearest treatment of alienation, only became available in 1928 and 1931 respectively, and it seems that Reich never read the latter work. Still, his discussion of the split between the individual and his or her natural sexual activity, reflected in part by the split between spiritual and physical love, the fact that sexuality comes under the control of another (repression and manipulation), that it is objectified in repressive structures (symptoms as well as social forms), that types of fetishism (neurotic attachment) are connected with each, that people treat one another as sexual objects with resulting dissatisfaction, that money plays a role in purchasing sexual favors (only possible because they are no longer an integral part of the personality), all of this, and more, fits rather neatly into the Marxian frame. Moreover, by the theory of alienation Marx tried to show—in keeping with his dialectical conception—that people were prisoners not only of their conditions but of themselves, of what they had been made by their conditions. It is perhaps in emphasizing the toll of sexual repression on people's ability to come to grips with their life situations (and in particular, on the working class's ability to recognize its interests and become class-conscious) that Reich makes his most important contribution to Marx's theory of alienation.

In his investigation of sexual alienation, Reich was greatly aided by Freud's four major discoveries: (1) man's psychic life is largely under the control of his unconscious (this shows itself in dreams, slips of the tongue, forgetting and misplacing things—all have a "meaning"); (2) small children have a lively sexuality (sex and procreation are not identical); (3) when repressed, infantile sexuality is forgotten but does not lose its strength, its energy (this only gets diverted into various

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psychic disturbances which are beyond conscious control); (4) human morality is not of supernatural origin but is the result of repressive measures taken against children, particularly against expressions of natural sexuality (the original conflict between infantile desires and parental prohibition lives on as the conflict between instinct and morality).

To these basic discoveries Reich soon added two of his own. Psychoanalysts of the time were puzzled by the fact that many severely disturbed people had a "healthy" sex life, i.e., in the case of men, had erections and experienced orgasm. Reich began to question his patients more closely about the quality of their sexual activity, and found that none of them had great pleasure in the sexual act and that none experienced a complete release of tension in orgasm. Reich concluded that erective and ejaculative potency (the only types then recognized by psychoanalysis) did not necessarily lead to "orgastic potency," which he defined as "the capacity for complete surrender to the flow of biological energy without any inhibition, the capacity for complete discharge of all dammed-up sexual excitation."[2] Without orgastic potency a lot of the sexual energy generated by the body remains blocked and available for neuroses and other kinds of irrational behavior.

Reich also noted that orgastic impotence in his patients was always coupled with distinctive ways—including both beliefs and bodily attitudes—of warding off instinctual impulses. He labelled these defensive behavior patterns "character structure." Reich believed that character structure originates in the conflicts of childhood as ways of responding to external pressures and threats. Both its form and strength reflect the repression to which the individual was subjected at that time. The motive for developing such mechanisms is conscious or unconscious fear of punishment.

While protection against the outside world is the chief objective in the formation of character structure, this is not its main function in the adult individual. After maturation, it is mainly against internal dangers, against unruly impulses, that character mechanisms guard. In this case, character structure blocks the impulse and redirects the energy, acting both as repressing agent and controller of the resulting anxiety.

Achieving impulse control in this manner, however, has

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serious side effects on a person's overall mobility and sensibility. According to Reich, it makes "an orderly sexual life and full sexual experience impossible."[3] The inhibition and the fears, the tense and awkward mannerisms, the stiffness and the deadness, all the manifestations of character structure work against the capacity to surrender in the sexual act and thus limit both the pleasure and the discharge of tension attained in orgasm. Character structure also deadens people sufficiently for them to do the boring, mechanical work which is the lot of most people in capitalist society. The same dulling insulates people from outside stimuli, reducing the impact on them of further education and of life itself. Finally, the increased sexual blockage which results from damming up the libido is responsible for various reaction formations, chief of which is an ascetic ideology, which in turn increases the blockage.

Drawing upon his clinical experience, Freud had already noted a number of disturbing personality traits and problems that result from sexual repression. Among these are the "actual" neuroses, tension and anxiety ("modern nervousness"), attenuated curiosity, increased guilt and hypocrisy, and reduced sexual potency and pleasure. On one occasion, he went so far as to claim that repressed people are "good weaklings who later become lost in the crowd that tends to follow painfully the initiative of strong characters."[4] This provocative remark is never developed. Reich, on the other hand, emphasizes those aspects of submissiveness and irrationality that we now associate with the notion of the authoritarian personality. For him, the most important effect of sexual repression is that it "paralyzes the rebellious forces because any rebellion is laden with anxiety" and "produces, by inhibiting sexual curiosity and thinking in the child, a general inhibition of thinking and critical faculties."[5] And Reich is unique in rooting these qualities in the very defense mechanisms (character structure) responsible for self-repression.

But if the human cost of repression is so great, the question arises: why does society repress sexuality? Freud's answer is that it is the *sine qua non* of civilized life. Reich replies that sexual repression's chief social function is to secure the *existing* class structure. The criticism which is curtailed by such repres-

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sion is criticism of *today's* society, just as the rebellion which is inhibited is rebellion against the status quo.

Closely following Marx, Reich declares that "every social order creates those character forms which it needs for its preservation. In class society, the ruling class secures its position with the aid of education and the institution of the family, by making its ideology the ruling ideology of all members of the society." To this Reich adds the following precision: "It is not merely a matter of imposing ideologies, attitudes and concepts. . . . Rather it is a matter of a deep-reaching process in each new generation, of the formation of a psychic structure which corresponds to the existing social order in all strata of the population."[6]

In short, life under capitalism is not only responsible for our beliefs, the ideas of which we are conscious, but for related unconscious attitudes as well, for all those spontaneous reactions which proceed from our character structure. Reich can be viewed as adding a psychological dimension to Marx's notion of ideology: emotions as well as ideas are socially determined. By helping to consolidate the economic situation responsible for their formation, each serves equally the interests of the ruling class.

Within the theory of alienation, character structure stands forth as the major product of alienated sexual activity. It is an objectification of human existence that has acquired power over the individual through its production in inhuman conditions. Its various forms, the precise attitudes taken, appear as moral sense, strength of character, sense of duty, etc., further disguising its true nature. Under the control of the ruling class and its agents in the family, church, and school, who use the fears created to manipulate the individual, character structure provides the necessary psychological support within the oppressed for those very external practices and institutions (themselves products of alienated activity in other spheres) which daily oppress them. In light of the socially reactionary role of character structure, Reich's political strategy aims at weakening its influence on adults and obstructing its formation in the young, where the contradiction between self-assertiveness and social restraint is most volatile. The repressive features of fam-

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ily, church, and school join economic exploitation as major targets of his criticism.

To avoid the kind of misunderstanding that has bedeviled most discussions of Reich's ideas, I would like to emphasize that Reich's strategy is not a matter of "advocating" sexual intercourse. Rather, by exhibiting the devastating effects of sexual repression on the personality and on society generally, he wanted people to overturn those conditions which make a satisfactory love life (and, through its connection to character structure, happiness and fulfillment) impossible. In a similar vein, Reich never held that a full orgasm is the *summum bonum* of human existence. Rather, because of the psychological ills associated with orgastic impotence, the full orgasm serves as an important criterion by which emotional well-being can be judged. Furthermore, with the relaxation of repression, Reich did not expect everybody to be "screwing" everybody all the time (a fear Freud shared with the Pope), though such relaxation would undoubtedly lead—as it already has in part—to people making love more frequently with others whom they find attractive.

Another related misinterpretation, which is widespread among Marxists and must be taken more seriously, holds that Reich replaces "economic determinism" with "sexual determinism." At the time of his expulsion from the Communist Party, a spokesman for the Party declared, "You begin with consumption, we with production; you are no Marxist."[7] It is only fitting in an introduction to a collection of Reich's Marxist essays that special attention be given to an objection which calls his entire enterprise into question.

Marxist theory offers Reich two complementary ways of responding: either the notion of production can be differently defined to include sexuality (which his Communist Party critic restricted to a form of consumption), or the interaction between the "base" and such elements of the "superstructure" as sexuality can be emphasized to bring out the hitherto neglected importance of the latter. Reich's strategy, as found in several of his works, takes advantage of both possibilities. On the one hand, he points out that Marx's materialism logically precedes his stress on economic factors, such as production, and

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that sex is a "material want." On the other hand, while willingly not denying to sexual practices the primacy ("in the last instance") among economic factors (of work, housing, leisure, etc.), he argues that the social effects of sexual repression are far greater than have previously been recognized.

Marx's materialism is first and foremost a matter of beginning his study of society with the "real individual," who may be viewed strictly as a producer but is just as often seen as both producer and consumer.[8] In his only methodological essay, Marx is at pains to show that production and consumption are internally related as aspects of the individual's material existence and that information which generally appears under one heading may be shifted—in order to satisfy some requirement of inquiry or exposition—to the other with no loss of meaning.[9] Likewise, the "real individual" has both subjective and objective aspects—he feels as well as does—and again because of this interrelatedness his life situation can be brought into focus by emphasizing either feelings or actions. Based essentially on methodological considerations, this choice simply subsumes those aspects not directly named under those which are.

Perfectly in keeping with this broader notion of materialism is Reich's claim that "mankind exists with two basic psychological needs, the need for nourishment and the sexual need, which, for purposes of gratification, exist in a state of mutual interaction."[10] Stressing the active component, Engels had said as much: "According to the materialist conception, the determining factor in history is, in the final instance, the production and reproduction of the immediate essentials of life. This, again, is of a twofold character. On the one side, the production of human beings themselves, the propagation of the species."[11] The social organization of each epoch, according to Engels, is determined by both kinds of "production."

So little is this dual basis of Marx's conception of history appreciated—not least by Marx's followers—that the editor of the Moscow edition of *Origins of the Family, Private Property and the State,* where this remark appears, accuses Engels of "inexactitude," a serious admission for any Communist editor to make in 1948.[12]

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Reich, too, is not altogether satisfied with Engels's formulation. The parallel Engels draws between production and procreation as determining forces in history requires some emendation. For if people produce in order to satisfy the need for food, shelter, etc., they do not engage in sex in order to propagate the species. Goods are not only the result of production but its aim. Sex, however, is almost always engaged in for pleasure or to relieve bodily tension. For the greater part of human history the link between sexual intercourse and paternity was not even known. Beyond this, sexual desire, which makes its appearance in early childhood, precedes the possibility of procreation in the life of everyone. Consequently, as a material need, as a subjective aspect of the "real individual," sex is essentially the drive for sexual pleasure. It is how society responds to the individual's attempt to satisfy his hunger and obtain sexual pleasure, therefore, that determines the social organization of each epoch.[13]

Besides accepting Marx's notion of "material forces" (however extended), Reich, as I have indicated, also accepted the primacy "in the last instance" of economic factors (narrowly understood). To grasp the latter admission in proper perspective, one must replace the causal model into which it is often forced with a dialectical one. On the basis of the dialectic, mutual interaction (or reciprocal effect) exists between all elements of reality. This basic assumption does not rule out the possibility that some elements exert a proportionately greater effect on others or on the whole as such. As Marx discovered, this was generally the case for economic factors. His claim regarding the primacy of economic factors is an empirical generalization based on a study of real societies, and not an *a priori* truth about the world. Consequently, Marx himself could call attention to the predominant role that war and conquest seem to have played in the development of ancient societies, and Engels could say that before the division of labor reached a certain point kinship groups bore the chief responsibility for determining social forms.[14]

If Reich's research into the social origins of neuroses, beginning with his work in the free psychoanalytic clinic of Vienna, led him to accept the primacy, in the last instance, of

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economic factors, the same research made him want to alter the weight Marx attached to at least one of the elements in this interaction. Marx had mentioned sex as a natural and human power, as a way of relating to nature, along with eating, seeing, working, and many other human conditions and functions. He did declare, as we saw, that the quality of the sexual relationship offers the clearest insight into the degree to which man the animal has become a human being. Yet the only power whose influence is examined in any detail is work.

Reich does not by any means seek to belittle the importance Marx attributes to work, but he does wish to accord greater importance to sexuality, particularly in affecting people's capacity for rational action. For very different reasons, Marx and Freud had underestimated the influence on character and social development of the area of life investigated by the other. The result was that "in Marx's system, the sexual process led a Cinderella existence under the misnomer, 'development of the family.' The work process, on the other hand, suffered the same fate in Freud's psychology under such misnomers as 'sublimation,' 'hunger instinct,' or 'ego instincts.' "[15] For Reich, synthesizing Marx and Freud meant breaking out of the prison imposed by such categories to redistribute causal influence in line with the basic discoveries of both men.

Sartre has recently remarked that most Marxists treat man as if he were born at the time of applying for his first job.[16] Writing as a Marxist psychoanalyst, it is chiefly this distortion that Reich sought to correct.

The attack on Reich as a sexual determinist has led most Marxist critics to overlook the real differences that exist between Marx's materialist conception of history and Reich's. The chief of these has to do with the different time periods brought into focus. Whereas Marx concentrated on the social-economic forms that have come into existence in the West in the last two to three thousand years (slavery, feudalism, capitalism), Reich—while accepting Marx's divisions—generally operated with a periodization based on social-sexual developments, whose three main stages are matriarchy, patriarchy (covering the whole of recorded history), and communism. Though they overlap, these two ways of dividing time are not fully integrated, either con-

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ceptually (so that one is forced to think of one or the other) or practically (so that followers of Marx and Reich often dismiss economic or psychological factors, depending on the school, in accounting for social change).

This contrast between the two thinkers is nowhere so clearly drawn as in their treatment of contradictions. At the core of Marx's materialist conception of history, insofar as it passes beyond methodology (how best to study social change) to a set of generalizations on how such changes occur, is his stress on the reproduction of the conditions of social existence which at a certain point begins to transform the old order into a qualitatively new one. So it is that attracting more and more workers into towns to reproduce the conditions necessary for the production of capital results eventually, through social activity and combination, in the abolition of competition between workers, which is a necessary condition for the production of capital. For Marx, the content of contradictions is always provided by the particular society in which their resolution takes place.

As a Marxist, Reich is also particularly attuned to contradictory tendencies in the material he examines. Yet, with few exceptions, the contradictions of capitalism possess a content that is derived from patriarchal society as such. This is the case with the contradiction between repression strengthening marriage and the family and, in virtue of the sexual misery caused, at the same time undermining them; and likewise with the contradiction he sees between repression producing a character structure which inclines youth to accept parental authority (and, by extension, all forms of authority) and simultaneously provoking sexual rebellion against parents (and, by extension, all forms of authority).

It is not altogether clear how these contradictions, without roots in the particular society in which they are found (capitalism), contribute to the demise of this society, nor why its demise will necessarily lead to the resolution of these contradictions. And adding that repression is greater in the capitalist era does not solve the problem. Even sexual alienation is affected, for to the extent that its peculiarly capitalist features are overshadowed by patriarchal ones it becomes, for the time span

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with which Marx is concerned, an ahistorical phenomenon. Thus, a form of sexual alienation, as Reich was forced to admit, could exist even in the Soviet Union, still a patriarchal society.

Reich's error—for all the use he made of Marx's analysis—lies in conceptualizing his findings apart from the findings of Marxist sociology, rather than integrating the two within the same social contradictions. He himself offers a good example of the alternative when he speaks of the capitalist economy fostering family ideology while simultaneously undermining it through inner family tensions caused by unemployment and forcing women to go to work. In this way, i.e., through the operation of typical capitalist trends, the family whose ideological function is necessary to capitalism is rendered increasingly dysfunctional.[17] Such examples in Reich's work, however, remain the exception.

Marxists have always managed better in explaining the transition from slavery to feudalism and from feudalism to capitalism than in explaining the onset of class society and, as events show, its eventual replacement by communism. It is just such developments, however, that Reich's work does most to illuminate. Yet, considering that Reich's contradictions occur in patriarchal time and the main contradictions Marx uncovered take place in capitalism, Reich's contribution to Marx's analysis can only be peripheral and suggestive. If Reich's "sexual economy" is ever to become an integral part of Marxism, the peculiarly capitalist qualities of sexual repression, including its distinctive forms and results within each social class (making allowances for racial, national, and religious differences) must be brought out in greater detail. And, conceptually, from a patriarchal social relation, sexual repression must be broken down into slave, feudal, capitalist, and even "socialist" social relations, in order to capture its special contribution to each period, as well as the opportunities available in each period for its transcendence. Most of this research and work of reformulation is still to be done.

Aside from the accusation of sexual determinism, another potentially telling criticism of Reich raised by many radicals today has to do with the relevance of his ideas in light of all the

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changes in sexual behavior that have occurred since he wrote. Have Reich's teachings missed their revolutionary moment? Reimut Reiche, in his book *Sexuality and the Class Struggle,* argues that the spread of sexual education, the availability of birth-control pills and abortions, the easy access to cars (if not rooms) in which to make love, etc., have made it impossible to link the denial of a satisfactory sex life with the requirements of the capitalist system. The market has been able to absorb even these needs, turning their satisfaction into a profitable business venture for some section of the capitalist class. For him, the focus of interest has changed from finding out why sexuality is being denied to discovering how in the very means of its satisfaction it is being manipulated to serve the ends of the capitalist system.[18]

Neither Reimut Reiche's optimism regarding the extent to which repression has diminished nor his pessimism as to the extent capitalism is able to exploit whatever new freedom exists seems fully justified. A recent poll of 18-year-old college students in the United States, for example, shows that 44 percent of the women and 23 percent of the men are still virgins, and one assumes that a far greater percentage have known only one or a few encounters.[19] Radicals tend to believe that on sexual matters at least, their generally liberated attitudes and practices are shared by most of their age peers. This is a serious mistake.

As for capitalist reforms blunting the revolutionary edge of sexual protest, it must be admitted that this can happen. What remains to be seen, however, is whether the new contradictions embodied in these reforms simply make the old situation more explosive. How long can the pill be easily obtainable, venereal diseases curable, etc., and youth still frightened by the dangers of sexual intercourse? At what point in making marriage unnecessary for sex will young people stop getting married in order to have sex? When will the rebellion that has known some success in sexual matters be directed against intolerable conditions elsewhere? Put in Reichian terms, how long could capitalism survive with a working class whose authoritarian character structures had been eroded through modifications in their sexual lives?

The revolutionary potential of Reich's teachings is as great

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as ever—perhaps greater now that sex is nearly universally accepted as a subject for serious discussion and complaint. The origins of the March 22nd Movement in France illustrate well this point. In February 1967, the French Trotskyist Boris Frankel spoke on Reich and the social function of sexual repression to a crowd of several hundred students at the Nanterre branch of the University of Paris. I can personally attest to the enthusiastic response of the audience, for I was there. In the week following the talk, Reich's booklet, *The Sexual Struggle of Youth,* was sold door-to-door in all the residence halls. This led to a widespread sex-educational campaign based—as Daniel Cohn-Bendit tells us—on Reich's revolutionary ideas, and resulted in the occupation by men and women students of the women's dorms to protest against their restrictive rules.[20] Other struggles over other issues followed, but the consciousness which culminated in the events of May 1968 was first awakened in a great number of Nanterre students in the struggle against their sexual repression.

The same struggle is being repeated with local variations at universities and even high schools throughout the capitalist world. Generally lacking, however, is the clear consciousness of the link between restrictions on sexual liberty and the capitalist order that one found at Nanterre.

Reich's teachings, whatever their shortcomings, are an indispensable critical arm in forging these links.

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The modern individual family is founded on the open or concealed domestic slavery of the wife. . . . In the majority of cases today, the husband is obliged to earn a living to support his family, and that in itself gives him a position of supremacy without any need for special legal titles and privileges. Within the family he is the bourgeois, and the wife represents the proletariat.

—Friedrich Engels, *Origin of the Family, Private Property, and the State*

It is still felt that woman's life, in its civil, economic, and social bearing, is essentially and normally a vicarious life, the merit or demerit of which is, in the nature of things, to be imputed to some other individual who stands in some relationship of ownership or tutelage to the woman. . . .

—Thorstein Veblen, *Theory of the Leisure Class*

Man is defined as a human being and woman is defined as a female. Whenever she tries to behave as a human being she is accused of trying to emulate the male.

—Simone de Beauvoir

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CLASS STRUGGLE IN CHINA?

BY IMMANUEL WALLERSTEIN

One of the important intellectual debates that underlay the Chinese Cultural Revolution was whether or not there exists today a class struggle within the People's Republic of China. Is this a mere exercise in Marxian exegetics, or is this an important question? And even if it is theoretically important, does it make any difference to the practical activity of the forces of the Left in the rest of the world?

Let us start with the debate which has its origin in socialist thought in the nineteenth century and Soviet practice after 1917. Before 1917 there was relatively little discussion among socialists of what would happen "after the revolution." For those of apocalyptic inclinations, the question was meaningless. And for those of more sanguine disposition, the question was unanswerable in advance and hence a diversion from immediate political problems in practice.

The October Revolution changed all that, in that it put in power a government dedicated to socialism, which however was not yet securely ensconced in political power nor immediately able to transform the economy in all the ways it wished. Furthermore, as we all know, the location of this first revolution was unexpected and indeed hard to explain in terms of the theories then in vogue in the world socialist movement.

Immanuel Wallerstein is a professor of sociology at McGill University in Montreal. His latest book is *The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century,* scheduled for October publication.

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In fact, new theories evolved—as they must—from the praxis of the Soviet situation. The structure of Soviet society came to be seen as a "transitional" structure, pending the achievement of the ultimate objective, communism. Opponents of the government came to be identified as having their social base in "remnants of capitalism." But, as time went on, it came to be more and more difficult to explain how, if the USSR was a "socialist" state (officially so proclaimed in 1936), there were still "remnants of capitalism." Finally, in 1961, the Twenty-second Congress of the Communist Party of the Soviet Union proclaimed the USSR to be the first "state of the whole people," wherein there was no longer any class struggle.

It was just about this time that a theoretical debate was occurring between spokesmen of the USSR and the People's Republic of China about whether or not all countries in the world would or would not "go forward to communism" *simultaneously*. Simply put, the Chinese insisted yes, the Russians no.

We now know that concurrently within China there was a debate between Mao Tse-tung and Liu Shao-chi on the existence of the class struggle in post-1949 China. Mao argued forcefully and consistently that "the class struggle is by no means over," whereas Liu argued that the class struggle was "dying out" in China. The Tenth Plenum of the Eighth Central Committee of the Chinese Communist Party meeting in 1962 endorsed Mao's views, asserting that "the historical period of transition from capitalism to communism . . . will last scores of years or even longer," and during all this time the class struggle would go on within China. It is because Liu Shao-chi and his supporters were unwilling to accept the implications of this position and develop their policies on the basis of such a theoretical assumption that the Cultural Revolution broke out in 1966 and the "capitalist roaders" were ousted, to be replaced by those who were aware that collective ownership of the means of production "is not equal to the disappearance of struggle in the political and ideological spheres," to cite Mao's words.

It is not hard to see what the internal debate in China was about. If Liu's position that the class struggle was "dying out" had been accepted, then there would have been no logical basis by which the Chinese Left could have opposed Liu's

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practical policies vis-à-vis the communes, for example, which they felt were favoring the middle peasants over the poor peasants and the state bureaucrats over both. If, however, the class struggle is continuing, then these actions of Liu could be seen to reflect the interests of certain groups within society rather than the will of the whole people as incarnated in the cadres of the party.

Nor is it difficult to see what the debate of the latter 1950s between Russian and Chinese spokesmen was about. If different countries could theoretically go forward to the ultimate stage of communism separately, then the USSR was the obvious candidate to be the first, which would serve as a clear justification for the heavy expansion of consumer expenditures within the USSR. Whereas if all countries had to "go forward" simultaneously, because communism is a state of the *world-system* and not of nation-states, then the elimination of basic economic disparities between parts of the world, as well as within countries, was a *prerequisite* to the realization of communism. It would therefore follow that, if the government of the USSR was truly committed to realizing communism, it would have to assist China and other non-industrial countries in their struggles to overcome the historic underdevelopment they have suffered as a result of the construction of the world capitalist economy.

Still and all, why should the Left in Europe or North America debate this issue? Because the debate focuses on several issues fundamental to the struggle of the Left in the core capitalist countries that are too often neglected in fact. The first issue is the recognition that we all exist today within the framework of a single capitalist world-economy, including the USSR and China, and that the creation of states with centrally-planned economies, state ownership of property, and socialist parties in power is a mode of operating within such a world-system, and a lever of potential change of that system, but does *not* represent the creation of a second separate socialist world-system.

This then has a second implication. Since neither the USSR nor China nor any other state is in fact enjoying "communism," they do not present images of what communism (or socialism, if you will) would in fact look like, once achieved. They present, rather, images of how states organize in order to

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industrialize rapidly and, perhaps as well, images of how groups use state power to undermine the foundations of the present capitalist world-economy.

Thirdly, if the class struggle continues, and will continue for a long time to come in China and the USSR as well as in Quebec, Peru, or Italy, then there must be a "Left" and a "Right" within so-called "socialist" countries in the same sense as in both core and peripheral "capitalist" countries. In which case, the Left in those other countries must analyze the social bases of Chinese politics with at least as much care as they analyze the social bases of British or Brazilian politics, in order that they may intelligently participate in the creation of a world alliance of left or socialist forces based on an understanding of the concrete historical reality of this world-economy of which we are all a part, and which includes within its boundaries a whole series of separate political structures we call "states," the battle for the control of which forms our immediate preoccupations.

Creation is not and never has been a genteel gesture. It is rude, violent, and revolutionary.

— Dr. Norman Bethune

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IN GREECE AS IN CAMBODIA

BY ANDREAS PAPANDREOU

The following text was written as an introduction to, and appeared in, the British (Pelican) edition of Prince Sihanouk's book. Since it was omitted —for reasons unknown to us—from the American (Pantheon) edition, it seems appropriate to make it available to U.S. readers in this form. Andreas Papandreou was a member of the cabinet in the Greek government which was overthrown by the colonels' coup of April 1967. Today he is a professor of economics at York University in Toronto and a leader of one of the Greek liberation movements, Panhellenic Liberation Movement (PAK). — The Editors

Prince Norodom Sihanouk's *My War with the CIA* is much more than a book of political memoirs. It is a revealing account of the tactics used by the ruthless imperialist power of the West, the United States of America, to infiltrate, corrupt, subvert, colonize, and subjugate an independent, neutral, and peace-loving nation. It is also a deeply moving account of the determined and heroic response of a proud people, under the inspired leadership of a great patriot, to the plunder and massive genocide that was unleashed by the Pentagon and its puppets against Cambodia, when the subtle techniques of take-over and domination failed.

The current phase of open military confrontation between the military machine of the United States and the peoples of Indochina is there for all to see. Sihanouk writes: "It is worse than what Hitler did . . . . what is the difference between burning and gassing people in ovens and doing it to a whole nation

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out in the open? That is just what the United States of President Nixon is doing today. Everyone knows the horrors of Auschwitz and other extermination camps. But Nixon is waging a war of extermination against the entire people of Indochina. . . . In Cambodia, it is happening before our eyes, as part of deliberate U.S. policy . . . to destroy present and future generations of Cambodians by destroying our environment. Once nature dies, man also dies."

For Cambodia this phase of open, barbaric aggression by the world's mightiest military machine begins with the CIA-sponsored coup by Lon Nol and his gang on March 18, 1970. The events that preceded this coup—events that span a period of over fifteen years—represent the first phase of U.S. intervention in Cambodia, a phase characterized by economic, political, and cultural infiltration, subversion, and intrigue. These events, when examined against the historical experience of many Third-World countries, reveal a pervasive standardized pattern of subversion—both in respect to goals and in respect to techniques and tactics.

The goal in all instances is clear. It is the complete economic, political, cultural, military subjugation of a country to the interests, economic and military, of U.S. imperialism. A necessary condition for success—in all cases other than those involving military aggression from the start—is the infiltration of the machinery of the state—both the civilian and military branches—and the "softening-up" of the political and intellectual elites. This process goes hand in hand with a variety of military, economic, and educational "assistance" programs that are extended on conditions favoring "private enterprise," an open-door policy to foreign investment, and a militant anti-communist stand. Economic assistance, military aid, etc., are the baits—often quite attractive at the time they are extended—for propagation of increasing dependence of the developing country on the United States. Political, economic, cultural, military, and clandestine operations are intertwined according to a blueprint that is hard to decipher by the leadership of a country undergoing the process until the point of open confrontation.

"The only thing I had not anticipated," says Prince Sihanouk, "was that the United States would take part directly in

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trying to take our country to pieces. . . . We were being punished, humiliated, and prepared for the chopping-block because we had stood on our dignity. We refused to become U.S. puppets, or join in the anti-communist crusade. We spurned the billion-dollar rewards for such a role. That was our crime in the eyes of successive U.S. administrations."

This phrase could easily have been written by a Greek. Our government had "spurned" President Johnson's offer of economic aid in return for our participation side by side with Turkey, in the subjugation and partition of Cyprus. And Greece had to be "punished" because it had insisted that "Greece is an ally but not a satellite of the U.S.," that "Greece belongs to the Greeks." Lon Nol had been groomed for administering the "punishment" in Cambodia, as Papadopoulos had been groomed for the same role in Greece. With only a slight difference. Papadopoulos, having collaborated directly with the Nazi occupation troops in the forties, had achieved greater prominence in the ranks of the CIA than Lon Nol.

Papadopoulos's reputation was further enhanced when he pulled off a successful coup in Greece. Now a faithful and capable U.S. puppet, he can school others in the techniques of coup-making. This explains Lon Nol's stopover in Athens from France prior to his coup. Similar activities have been reported to be occurring in Italy—a direct contact between Papadopoulos and neo-fascist elements in the Italian army and political world.

There is another parallel in the stories of Cambodia and Greece that is worth mentioning. The overt military coup had become necessary in both countries because the leadership had exposed American designs, and had created a militant popular climate. Prince Sihanouk writes that "my strategy of bringing out into the open before the eyes of the people" these designs "had succeeded." It is exactly what we did in Greece in the fateful period between July 15, 1965, and April 21, 1967—when the colonels struck. After George Papandreou was ousted by the King, acting on instructions from the United States, and deputies had been bought off by the CIA to collaborate with the Right in a new government, our party took the issues to the people, unveiled the power structure and showed how it was strangling our dreams of independence and sovereignty. Prince

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Sihanouk and I both received similar snubs from the American Embassy! He received his snub when the U.S. Ambassador strode off the platform as he went to make his opening report to the Cambodian National Congress in 1956, and I when two members of the political section of the American Embassy walked out in the midst of my speech to the Foreign Press Association in February 1967. They claimed I had "attacked the U.S."

Prince Sihanouk says that at the time he was laying bare American designs he "could not guess the terrible cost in maintaining such a stand. Even had I known, however, I don't think I could have acted otherwise." This expresses exactly our own feelings about our stand in Greece.

But all this relates to the past. What about the future? "In the end it was the Americans who drove home the bitter lesson that imperialists leave only one road to freedom, once they have marked a country down as their prey; and that is the road of armed struggle as defined by Ho Chi Minh." This is the fundamental, inescapable conclusion to which all the victims of American imperialism are drawn. We too in Greece have reached the same conclusion as Prince Sihanouk and the Cambodian people. And for this reason we have forged the Panhellenic Liberation Movement (PAK).

In the difficult, long, and costly struggle for liberation, national self-determination, socialism, democracy, and popular sovereignty, the nations that have fallen prey to aggressive American imperialism must coordinate their actions on a global basis —since the aggressor himself operates on a global basis. But beyond this, the Third-World liberation movements need, in their struggle against U.S. imperialism, the active support of the anti-imperialist camp. There is widespread concern in our ranks that the increasingly complex nature of superpower relations and politics may tend to limit the willingness or the capability of anti-imperialist nations to contribute actively to the liberation struggles of peoples in Asia, in Latin America, in Africa, and in southern Europe. Such a development would be no less than tragic. Not only for the already "occupied" nations of the Third World, but also for the anti-imperialist superpowers themselves. If the hawks of the United States are met with subservience and passivity by the other giants of the world, then their positions will be-

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come more and more hawkish. There should be no doubt in anyone's mind about the nature of American imperialism. It constitutes a global threat not only to the independence of nations and the dignity of life, but a direct and immediate threat to human survival. Unless the anti-imperialist forces coalesce in the common struggle against a "clear and present" danger, they will be paving the way not to Pax Americana, but to a global American-generated holocaust.

In closing I should like to state that the Greek people deeply admire the peoples of Indochina. It is they who have borne the main burden—a spectacular and appalling burden—in the struggle for independence and self-determination. They have shown the way. We will follow.

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decline of new black and student movements in the 1960s, the end of U.S. imperialist hegemony in the early 1970s, and now entering the era of U.S. disorganization and decline both domestically and internationally. That we have been able to continue uninterrupted publication of an independent and outspoken Marxist journal during this fateful period is due entirely to your unwavering support through the Associates. We hope you will agree that this support is as important now as it has been during the past quarter century.

Among favorable comments on MR's special summer issue ("The Lichauco Paper: Imperialism in the Philippines") is one from a group in Cambridge, Massachusetts, which publishes the bimonthly *Philippines Information Bulletin*. They were, they write, "delighted to see the Lichauco report done up in such good style. . . . Everybody here thinks it is a real service." The subscription rate for the *Philippines Information Bulletin* is five dollars a year for individuals and ten dollars for libraries and institutions, and the address is Box 409, W. Somerville, Mass. 02144.

Our attention has been called to a new British journal *Radical Philosophy* through its publication of an excellent review of Paul Nizan's *The Watchdogs: Philosophers and the Established Order*, an MR Press book. In a letter accompanying the copy of *Radical Philosophy* containing the review, one of the editors writes: "I would like to say how much we appreciate the work of MONTHLY REVIEW and its press. Your magazine has served as an important model and inspiration for ours, even though our aims are different. . . . We would very much appreciate any notice you could give us to help us become better known in the States." Glad to oblige: overseas subscription rates for individuals are £1 (airmail £2), institutions £2. Dollar checks are acceptable, calculated at the current exchange rate. The address is c/o R. J. Norman, Darwin College, The University, Canterbury, Kent, England.

At its business meeting in December 1971, the Latin American Studies Association (LASA) expressed concern over the political situation in Guatemala by adopting a resolution "On Terror in Guatemala." In accordance with the resolution's call for a full investigation of the violence, terror, and repression in Guatemala and possible U.S. support of these activities, LASA established an Ad Hoc Committee on Guatemala. This Committee presented its report to the May 1973 business meeting of LASA which decided to disseminate it as widely as possible. Copies are available at $1 a copy from LASA, Box 13362 University Station, Gainesville, Fla. 32604.

A new southern quarterly entitled *Southern Exposure* is being published by the Institute for Southern Studies (88 Walton St., N.W., Atlanta, Ga. 30303) at $8 a year, $2 for single copies. Vol. 1, No. 1 is devoted entirely to "The Military and the South" and brings together a vast amount of material on a subject which is clearly of great importance not only for the South but for the country as a whole.

French economists and other social scientists have recently formed an organization to counteract the degeneration of orthodox economic and social theory and to foster more relevant inquiry into current social and economic problems. MR readers residing in or visiting France this fall may be interested in attending their next meeting in Paris on October 13. Further information on the organization and the forthcoming meeting can be obtained from the *Association pour la critique des sciences économiques et sociales*, 22 Villa Domas, 92 Antony, Paris, France.

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